# MISSOURI TIMBER PRICE TRENDS

**April-June, 2006, Vol. 16 No. 2**
Missouri Department of Conservation, Forestry Division

## Statewide Stumpage Prices

| | High | Low | Avg. | Last Qtr. | Last Yr. | Vol. | # of Rpts. |
|---|---|---|---|---|---|---|---|
| **Veneer** | | | | | | | |
| Red oak (group) | $375 | $375 | $375 | - | - | 4 Int. - MBF | 1 |
| Walnut, Black | $835 | $835 | $835 | $1,575 | $1,750 | 2 Int. - MBF | 1 |
| White oak (group) | $915 | $835 | $855 | $340 | $920 | 49 Int. - MBF | 3 |
| **Sawlogs** | | | | | | | |
| Ash | $135 | $125 | $135 | $115 | $65 | 58 Int. - MBF | 2 |
| Cottonwood | $110 | $50 | $65 | $85 | - | 67 Int. - MBF | 2 |
| Hard Maple | $290 | $290 | $290 | $100 | $60 | 4 Int. - MBF | 1 |
| Hickory | $130 | $90 | $110 | $180 | $110 | 18 Int. - MBF | 4 |
| Mixed Hardwoods | $130 | $60 | $70 | $90 | $165 | 280 Int. - MBF | 7 |
| Oak (mixed species) | $210 | $65 | $135 | $140 | $135 | 455 Int. - MBF | 4 |
| Post Oak | $190 | $90 | $110 | $180 | $165 | 64 Int. - MBF | 4 |
| Red oak (group) | $300 | $90 | $205 | $225 | $190 | 354 Int. - MBF | 9 |
| Shortleaf Pine | $90 | $90 | $90 | $90 | $120 | 7 Int. - MBF | 1 |
| Sycamore | $125 | $50 | $85 | $105 | $100 | 27 Int. - MBF | 2 |
| Walnut, Black | $615 | $460 | $605 | $345 | $355 | 24 Int. - MBF | 2 |
| White oak (group) | $335 | $85 | $185 | $200 | $160 | 324 Int. - MBF | 8 |
| **Stave Logs** | | | | | | | |
| White oak (group) | $290 | $290 | $290 | $270 | - | 115 Int. - MBF | 1 |

## North Stumpage Prices (*Doyle Scale*)

| | High | Low | Avg. | Last Qtr. | Last Yr. | Vol. | # of Rpts. |
|---|---|---|---|---|---|---|---|
| **Veneer** | | | | | | | |
| Red oak (group) | $450 | $450 | $450 | - | - | 4 Doyle-MBF | 1 |
| Walnut, Black | $1,000 | $1,000 | $1,000 | $1,130 | - | 1 Doyle-MBF | 1 |
| White oak (group) | $1,100 | $1,000 | $1,030 | - | - | 40 Doyle-MBF | 3 |

Note: All prices and volumes are reported in International ¼" MBF Scale *except* North Stumpage Prices, which are in Doyle-MBF. To convert to Int.-BF prices or volume, divide by 1,000. To convert volume from Int.-MBF to Doyle MBF, divide by 1.2. To convert prices from Int.-MBF to Doyle MBF, multiply by 1.2.

## North Stumpage Prices (*Doyle Scale*)

| | High | Low | Avg. | Last Qtr. | Last Yr. | Vol. | # of Rpts. |
|---|---|---|---|---|---|---|---|
| **Sawlogs** | | | | | | | |
| Ash | $160 | $150 | $160 | $155 | - | 48 Doyle-MBF | 2 |
| Cottonwood | $130 | $60 | $75 | $150 | - | 56 Doyle-MBF | 2 |
| Hard Maple | $350 | $350 | $350 | $120 | - | 3 Doyle-MBF | 1 |
| Mixed Hardwoods | $150 | $70 | $85 | $65 | - | 223 Doyle-MBF | 4 |
| Oak (mixed species) | $150 | $80 | $105 | $155 | $60 | 208 Doyle-MBF | 2 |
| Red oak (group) | $360 | $350 | $355 | $120 | - | 59 Doyle-MBF | 2 |
| Sycamore | $150 | $60 | $100 | $150 | - | 22 Doyle-MBF | 2 |
| Walnut, Black | $740 | $550 | $725 | $575 | $280 | 20 Doyle-MBF | 2 |
| White oak (group) | $400 | $100 | $250 | $160 | $155 | 192 Doyle-MBF | 4 |
| **Stave Logs** | | | | | | | |
| White oak (group) | $350 | $350 | $350 | - | - | 96 Doyle-MBF | 1 |

## Central Stumpage Prices

| | High | Low | Avg. | Last Qtr. | Last Yr. | Vol. | # of Rpts. |
|---|---|---|---|---|---|---|---|
| **Sawlogs** | | | | | | | |
| Hickory | $90 | $90 | $90 | $100 | $105 | 6 Int. - MBF | 2 |
| Mixed Hardwoods | $90 | $90 | $90 | - | $60 | 4 Int. - MBF | 1 |
| Post Oak | $90 | $90 | $90 | $100 | - | 12 Int. - MBF | 1 |
| Red oak (group) | $90 | $90 | $90 | $100 | $185 | 75 Int. - MBF | 2 |
| White oak (group) | $90 | $90 | $90 | $115 | $155 | 60 Int. - MBF | 1 |

## Southeast Stumpage Prices

| | High | Low | Avg. | Last Qtr. | Last Yr. | Vol. | # of Rpts. |
|---|---|---|---|---|---|---|---|
| **Sawlogs** | | | | | | | |
| Hickory | $130 | $115 | $125 | $205 | $155 | 12 Int. - MBF | 2 |
| Mixed Hardwoods | $130 | $60 | $85 | $180 | $165 | 8 Int. - MBF | 2 |
| Oak (mixed species) | $210 | $180 | $195 | $145 | $160 | 205 Int. - MBF | 2 |
| Post Oak | $190 | $115 | $115 | $185 | $165 | 52 Int. - MBF | 3 |
| Red oak (group) | $255 | $190 | $215 | $230 | $190 | 209 Int. - MBF | 5 |
| Shortleaf Pine | $90 | $90 | $90 | $90 | $120 | 7 Int. - MBF | 1 |
| White oak (group) | $225 | $190 | $220 | $225 | $170 | 34 Int. - MBF | 3 |

*Missouri Timber Price Trends tracks market prices for Stumpage. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. These reports should serve as a general guide to track stumpage prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters will be able to provide information on current, local market conditions. Details of all private sales and delivered prices are kept confidential*

Averages are based on received reports. Refer to the column headed "# of Rpts." to get a gauge of how accurate the average prices may be. ("# of Rpts." refers to the number of sales including a particular species and may sum to more than the number of sales.) Changes since last quarter and last year should be read with caution as the number of reports varies each year and quarter. This report can only be used as a general guide for determining market value of timber. General market and economic conditions, as well as local considerations such as accessibility, terrain, sale size, and tree size and quality also affect the price paid.

Please see the map on page 7 for a definition of reporting regions.

Foresters reported stumpage prices resulting from 13 timber sales containing 1,914 MBF located throughout the state.

**Editors Note**

Remember that one of the most valuable sources for information on log and timber markets is the local Missouri Department of Conservation Resource Forester or your Consulting Forester. Contact the nearest Forest District office for up-to-date, local advice. The Missouri Department of Conservation's Forestry Division, (573) 751-4115, will be happy to provide you with the name and address of the Resource Forester or MDC Regional Office nearest to you. You can locate a Consulting Forester by visiting the Mo. Consulting Forester's Association web site at: *www.missouriforesters.com* or by visiting the Private Land Assistance page of the MDC website *http://mdc.mo.gov/landown/* and clicking on the "Conservation Assistance Contractors" link.

John Tuttle and Tom Treiman, Editors

Note: A "sale" often includes several different species so the number of sales may be less than the "# of Rpts." (number of reports) listed in the tables.

Tree Scale Conversion Factors

| | |
|---|---|
| Sawlogs - Veneer Logs | Int'l = Doyle x 1.2 |
| Pulpwood Pine | 5,200 lbs/cord |
| Hardwood (hard) | 5,600 lbs/cord |
| Hardwood (soft) | 4,200 lbs/cord |

Note: All prices and volumes are reported in International ¼" MBF Scale *except* North Stumpage Prices, which are in Doyle-MBF. To convert to Int.-BF prices or volume, divide by 1,000. To convert volume from Int.-MBF to Doyle MBF, divide by 1.2. To convert prices from Int.-MBF to Doyle MBF, multiply by 1.2.

# Private Forests

The *Economist* magazine reports that "a new breed of investor is taking over America's forests". Across America, vast swathes of land may have become more valuable for their development potential than for their timber. Since 1900, when Frederick Weyerhaeuser, a German immigrant, and 15 partners purchased 900,000 acres of land from a railway company in Washington State, big timber enterprises have held land for decades. They harvested trees for lumber or paper pulp, replanted, and patiently waited for another harvest in 50-60 years. It was a conservative, relatively safe business; the demand for wood and paper, although it has ups and downs, has remained generally strong. Investments in timber land proved a good hedge against inflation, and often did well when stocks on Wall Street fared poorly.

Now all that is changing. New tax rules, demand for building land and the influence of big investors such as pension funds have transformed the ownership of forest land. In recent years most tree-owning and lumber companies have sold their land to Timberland Investment Management Organizations (TIMOs), in which private investors pool together to buy timber holdings. Forest-products companies then buy trees from the TIMO-owned land and convert them to lumber or paper. In early April, for instance, International Paper, which is based in Connecticut, sold its 5.1m acres of American timber land for $6.1 billion to two TIMO investor groups.

Other companies, such as Plum Creek, have become publicly owned real estate investment trusts (REITs), which are also attractive to investors and reduce corporate tax. Plum Creek now owns more than 8m acres of forest land and reaps profits from timber, property and minerals. Today only two large publicly traded forest-products companies—Weyerhaeuser, based just outside Seattle, and Temple-Inland, based in Austin, Texas—still have substantial forest holdings. (Weyerhaeuser owns or leases 6.5m acres in the United States; Temple-Inland owns about 2m.)

Since 1996, 30m acres of private forest lands have changed hands, causing turmoil in the industry. Some of those most disturbed by the trend are the same greens who bitterly fought logging on federally owned lands during the 1980s and 1990s. They admit that logging in private forests, too, often wrecked the landscape. But companies such as International Paper were also diligent about re-planting trees and creating new forests that became valuable wildlife habitat and sources of clean water. Moreover, in many parts of the United States, timber companies allowed local people to hike, hunt or fish on their lands, a tradition greens fear may be lost.

The biggest current battle on this front is taking place around Moosehead Lake in northern Maine. Plum Creek owns 421,000 acres around the 117-square-mile lake, and would like to build as many as 1,000 houses, as well as lakeside resorts. The development would "fundamentally change the character of Moosehead Lake", now a quiet, rural region of hunting and fishing cabins, says Pete Didisheim of the Natural Resources Council of Maine. Plum Creek counters that it is also preserving vast tracts of land around the lake. Critics, unconvinced, are fighting a rezoning proposal which the company needs to proceed. In many other parts of the country there is fear that new forest owners will quickly log their land, and then sell the denuded ground for housing.

Others see opportunity as forest ownership changes. In Wisconsin, for instance, the Nature Conservancy and the Department of Natural Resources negotiated an agreement under which investors bought 101 square miles of land from International Paper as part of that company's big woodlands divestiture earlier this year. The land will continue to produce maple, oak and cherry lumber—all very valuable—while also remaining open for recreation and wildlife conservation. "Because these forested areas are for sale, it's a great opportunity to buy them for preservation and sustainable forestry," says Bill Ginn, who works on forestry matters for the Conservancy. Groups such as Mr Ginn's also hope to make state tax rules more favorable to owners of forests.

No doubt, in years to come, some of the forests' new owners will opt for a quick and dirty profit from their lands, selling to Boston or Seattle residents who want a place in the (former) woods. But land across much of the United States was logged during the agricultural and economic expansion of the 1800s, and has grown back. Perhaps the natural

patience of forests will prevail again.

Sources: *The Economist*, June 10, 2006.

## Regional Prices

The Hardwood Market Report notes that although considerable volumes of Hard Maple and other whitewood species are still being used in the northern US, efforts by mills to saw through log decks boosted green lumber supplies and prices are responding accordingly. Oak markets are a bit more stable due to this focus on whitewood production. Most sources describe log decks in the North Country as ample; however, many express concerns over the high prices of logs and timber.

The southern market is described as competitive for key species and grades, although most mills and yards are still balancing shipments with production. However, concerns regarding future demand for 4/4 #1C Red Oak abounds, particularly since on-hand raw material inventories are high at most oak strip flooring plants. Demand for FAS and 1F White Oak and Poplar is characterized as robust. Log decks are ample across the territory, though frequent rains have affected logging in specific locations.

Timber Mart South says that south-wide average stumpage prices were up modestly for the five major timber products in the 1st Quarter of 2006 compared to the last quarter of last year. Timber markets were strongest for large diameter pine logs and relatively stable for other products. Dry weather and good logging conditions were the rule across the region.

The average mixed hardwood sawtimber price eased up slightly for the quarter and has remained relatively unchanged for the past five quarters. Hardwood pulpwood markets strengthened, with the south-wide price increasing 4.9 percent over last quarter, although down 1.4 percent from the 1st Quarter of 2005.

Indicators of the general market, reported by Random Lengths, show the Random Lengths Framing Lumber Composite price ended the quarter at $358 per thousand board feet (mbf) for the week ending March 31st, down about 4 percent from the end of 2005 and nearly 15 percent below the same period one year ago. The Random Lengths Structural Panel Composite price ended the quarter at $369 per thousand square feet, 3/8" basis (msf), down about 6 percent from the end of 2005 and nearly 19 percent below the same period one year ago.

Sources: 1) Condensed from Hardwood Market Report, May 13, 2006, Nebraska Timber Talk. 2) Timber Mart South, 3) Random Lenths.

## News from the Field

By John Tuttle

Thanks to all who spent time visiting with me this past quarter (93 sawmill visits). I am still hearing that red oak lumber prices are not where they should be. I am also hearing the cross-ties are doing well. I understand that good walnut logs are bringing a good price.

It has been very interesting to me to travel all over the state to talk to sawmillers and loggers. I grew up around small circular sawmills and feel that I understand how they operate and what production levels they are capable of producing. In my travels around the state I have had the opportunity to visit all different sizes of mills. I have seen the small band sawmills that produce about 2,000 board feet a day and also had to opportunity to visit several mills that are producing well over 20,000 board feet per day. The least waste of wood products is occurring overall in the larger mills. The larger mills seem to have the act for selling products like wood chips, slabs and sawdust. Some of the small mills can not afford to buy an extra truck trailer to blow sawdust into just too basically sell the dust for cost.

This past quarter I traveled to Richmond, VA to the Smallwood Conference. I heard talks on using small diameter wood to make energy (heat, ethanol, and electricity) and products such as flooring. I had the opportunity to visit a high production pine mill that produces 95 million board feet of dimensional lumber each year out of small diameter trees that are only about 30 years old (they grow trees a little faster in Virginia). I also visited a college campus that burns sawdust to heat the entire campus buildings.

There are still areas in Missouri where sawmill owners are burning their slabs and wasting sawdust. I am interested in finding ways to see this residue used. I would like to see some niche markets open up that would utilize wood chips and sawdust in these areas. If anyone has any ideas on how to better utilize some of these products I would be glad to hear from you.

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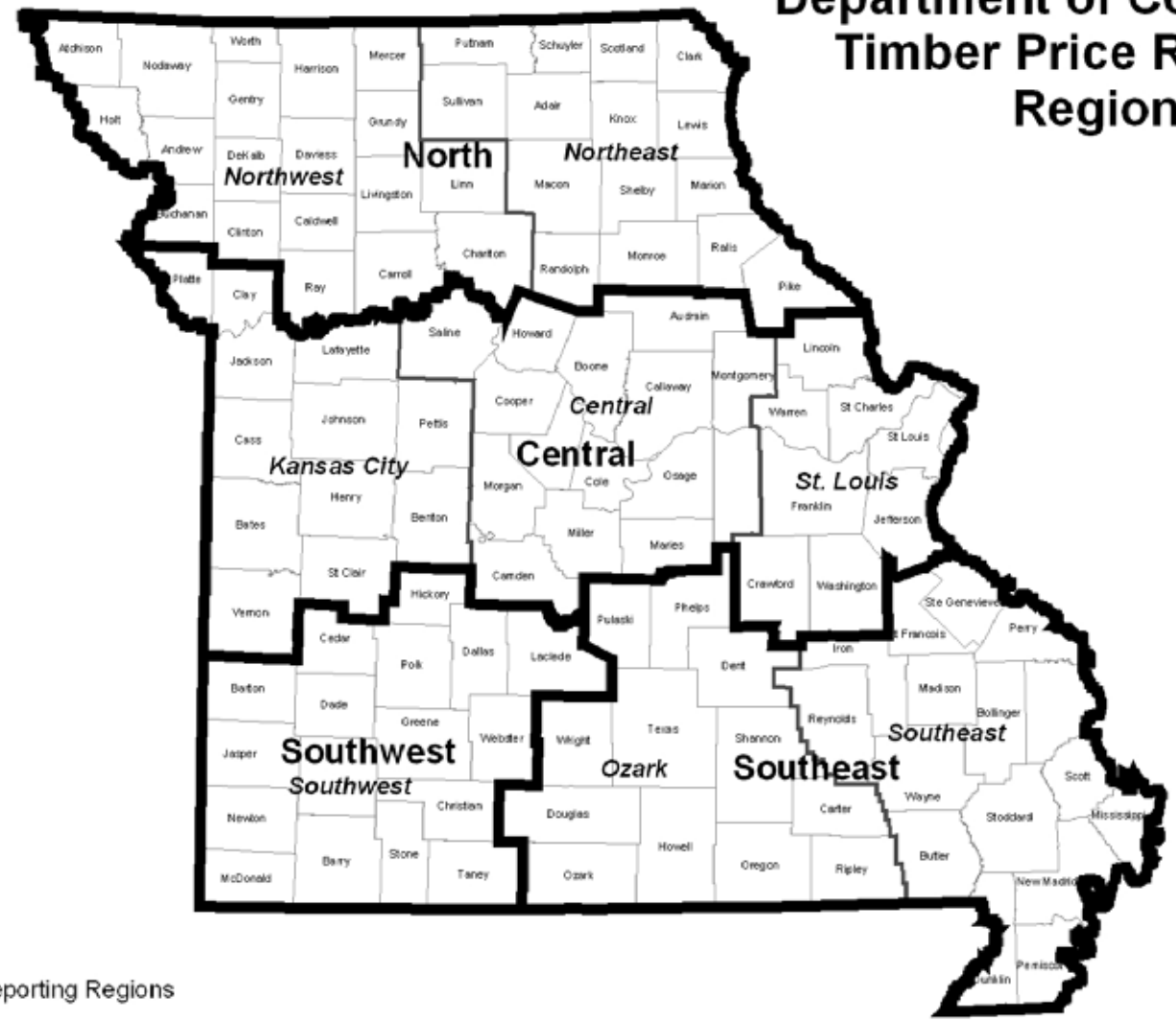


**Legend**

- Price Reporting Regions
- MDC Regions
- County Boundaries

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Return Service Requested